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SUMMARY

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FAR EAST

25X1A 2. Japan asks American sponsorship of Asian regional conference:



Foreign Minister Okazaki suggested to Harold Stassen on 15 February that the United States take the lead in calling a conference of the free nations of

the Far East and Southeast Asia to discuss a payments organization, similar to the European Payments Union, as a basis for greater regional cooperation. He explained that Japan could not take the initiative because of the widespread fear of Japanese economic aggression.

Okazaki said that Japanese policy envisions the eventual development of a regional security organization, but this is now considered premature in the absence of greater economic strength and mutual understanding.

Comment: For the Japanese, such a conference would be vastly preferable to the anti-Communist conference recently proposed by South Korean president Rhee.

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NEAR EAST - AFRICA

5. Iraq plans increase in oil production:

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A proposed diversion of the unused Kirkuk-Haifa pipeline to Lebanon's port of Sidon would increase the flow of crude oil from Iraq by about 6,000,000 tons annually, a

25-percent increase over its current production,

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Comment: Another 6,000,000 tons from this company, in which the Anglo-Iranian Oil Company holds a quarter interest, would probably complicate any efforts to market Iranian oil. Iraq Petroleum has been contemplating this increase in production for several months.

The Haifa pipeline has not been used since the Arab-Israeli fighting in 1948, and IPC has been under pressure from Baghdad to recoup the resulting loss.

Diversion of the oil to Lebanon is likely. It would tend to induce Lebanon to ratify a 1952 pipeline agreement and thereby cease the agitation for its renegotiation.

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